

## Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06

SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 PA-01 PRS-01

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R 032205Z OCT 75

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 0358

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E.O. 11652: N/A

TAGS: EMIN, MX

SUBJ: GOM UNVEILS NEW MINING LAW

1. PRESIDENT ECHEVERRIA, IN A MOVE THAT HAD BEEN RUMORED, OFFERED A NEW MINING LAW WHOSE MOST IMPORTANT PROVISIONS STRIPPED INACTIVE MINING CONCESSIONS FROM THEIR OWNERS (IN MOVE AGAINST THOSE PERSONS SPECULATING IN MINING CLAIMS, I.E. THOSE WHO WERE NOT WORKING PROPERTIES) AND DEFINED IRON, COAL, PHOSPHATE ROCK, POTASium SALTS, AND SULFUR AS "NATIONAL RESERVES", I.E., MAY BE EXPLOITED ONLY BY FIRMS WITH 100 PERCENT MEXICAN PARTICIPATION.

2. NEW LAW DELIVERS INACTIVE MINING CONCESSIONS TO RURAL CAMPESIONS AND EJIDATARIOS TO BE WORKED. IT IS ESTIMATED 15 THOUSAND CONCESSIONS WILL BE AFFECTED BY THIS DECREE. DECREE ALSO PROMISES GREATER ROLE FOR FEDERAL GOVERNMENT IN MANAGEMENT OF MINERALS INDUSTRY, PRESUMABLY THROUGH GOM MINING DEVELOPMENT ORGANIZATION, FOMENTO MINERO.

3. SPECIFICALLY, NEW LAW PROPOSES:

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A(A) FEDERAL EXCLUSIVITY IN EXPLORATION, EXPLOITATION, AND PROCESSING OF PHOSPHATES, SULFUR, POTASium, AND PROMISES GREATER STATE INTERVENTION IN IRON AND COAL (IRON AND COAL ARE PRESENTLY, TO SOME EXTENT, STILL IN PRIVATE HANDS).

(B) IMPROVE MANAGEMENT OF NATIONAL RESERVES.

(C) INCREASE PARTICIPATION OF STATE AND PUBLIC COMPANIES IN MINING SECTOR.

(D) RESERVE FOR STATE EXPLOITATION OF MINERAL RESOURCES IN 200-MILE ECONOMIC ZONE OFF MEXICAN COASTS.

(E) CANCEL INDEFINITE LIFE OF CERTAIN MINING CONCESSIONS AND ACCELERATE MEXICANIZATION OF INDUSTRY.

(F) CREATE STATE (AS OPPOSED TO FEDERAL) MINING DEVELOPMENT AGENCIES.

(G) COMBAT SPECULATION IN MINING PROPERTIES NOT BEING WORKED.

4. COMMENT: WE DO NOT KNOW TO WHAT EXTENT THIS WILL AFFECT U.S. MINING INTERESTS IN MEXICO BUT WE SUSPECT (AS SOURCE IN PATRIMONIO NACIONAL TOLD US) THIS IS PRIMARILY DIRECTED AGAINST SPECULATORS WHO DO NOT WORK THEIR CONCESSIONS. MORE OMINOUS IS INCLUSION OF PHOSPHATE, POTASium, IRON, AND COAL INTO NATIONAL RESERVES. THIS MAY DIRECTLY AFFECT SOME U.S. MINING INTERESTS, IN PARTICULAR INDUSTRIAL MINERAL MEXICANA (ASARCO).  
JOVA

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## Message Attributes

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